

WHIRLPOOL 2004 SUMMARY ANNUAL REPORT



2004 Summary Annual Report

Customer Loyalty ... the Core of Our Strategy

Customer Passion ... the Focus of Our Business

"Sensing the Difference"

Whirlpool Europe's version of a global brand positioning campaign conveys the features of the region's *6th Sense* line of innovative products, such as *Origami* – a new line of multi-functional cooktop accessories.

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About the cover:

"Because there are moments when nothing in the world is less important than a few grass stains."

The cover image (from Bauknecht's "Live Today" campaign), and many photos throughout this annual report are taken from Whirlpool's global advertising campaigns. They reflect the essence of our brands, the lifestyles of our customers, and how our products enhance their lives.

Customer Loyalty

The Core of Our Strategy

Over the last decade, Whirlpool Corporation has transformed itself from a regional manufacturing and trade-focused business into a global, consumer-driven enterprise.

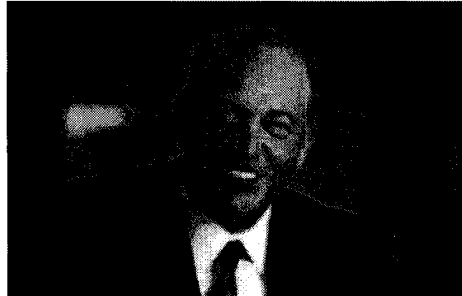
Moving the core of our strategy to the next level means focusing our efforts on creating unmatched levels of customer loyalty for our brands ... worldwide. Winning and retaining customers, we believe, is increasingly based on the reputation of our brands and the experience consumers have with them over their lifetime of ownership. Rather than competing for the same customer at the point of sale, brand loyalty provides us with a unique advantage as our customers are predisposed to purchase our brands based on past positive experience. Additionally, we gain extra value when loyal customers recommend our brands to relatives, friends and neighbors for their appliance needs.

The ability to earn this loyalty requires that we consistently provide consumers with innovative solutions to meet their daily needs and lifestyles.

We must provide them with high-quality, competitively produced products that deliver, and build upon, the positive reputation of our brands. We also must provide them with a positive experience during each step of the ownership cycle.

We do this by partnering with the best added-value trade partners and service providers. We also are increasingly staying in touch with our customers by connecting with them directly during their ownership and building this brand relationship over time.

As a company, we are learning and building new skills that will enable us to better earn customer loyalty. In a rapidly changing global marketplace, our customers are more knowledgeable and have more choices than ever before. We understand this and believe our efforts to build unmatched loyalty for Whirlpool Corporation brands will make them the best choice for many customers and provide Whirlpool with a unique and differentiated value creation strategy.



Jeff Fettig, Chairman, President and Chief Executive Officer

Whirlpool Corporation... Strongly Positioned to Succeed in a Dynamic Global Environment

In 2004, Whirlpool Corporation continued to successfully execute our brand value creation strategy in the midst of a dynamic global business environment. We benefited from strong consumer demand for major home appliances but were also challenged by unprecedented cost increases for key materials. Against this backdrop, Whirlpool delivered solid financial results and achieved important strategic objectives that strengthened our global leadership position.

2004: A Year of Rapid Change

In 2004, our business landscape changed rapidly. In the first half of the year, we aggressively grew our business and earnings by more than 10 percent. We continued our revenue growth in the second half as raw material costs worldwide increased to unprecedented levels. By the end of the year, our costs for steel, metals, resins and other oil-related products had risen by more than \$300 million. We successfully offset a significant portion of the increased costs with record levels of productivity, cost controls and price increases. For the year, we delivered record revenues of \$13.2 billion, an increase of 8.6 percent from 2003, reflecting the strong demand for our global brands and new product innovation.

In 2004, our business performance achievements included:

- \$406 million net earnings, \$5.90 diluted earnings per share;
- \$794 million cash provided by operating activities;
- Debt-to-capital ratio reduced from 51 percent to 46 percent;

- \$116 million returned to shareholders through dividends, an increase of 26 percent over 2003;
- 3.7 million shares repurchased;
- Continued global growth of the *Whirlpool* brand, the number-one selling appliance brand worldwide;
- Our internal controls over financial reporting were enhanced and assessed to be effective under Section 404 of the Sarbanes-Oxley Act of 2002.

Whirlpool's Brand Value Creation Strategy

The success of Whirlpool's global business is driven by our ability to truly understand and fulfill customer needs, develop highly innovative branded solutions, effectively serve trade partners and continuously improve productivity and quality. These capabilities define our differentiated value creation strategy and give us the advantages we are utilizing to effectively manage the challenges of the global marketplace today and in the years ahead.

There are three critical elements in our strategy:

Creating unmatched customer loyalty for our brands is the cornerstone of our strategy. This simple idea is based on an in-depth understanding of our customers' needs, wants and expectations, so that we can consistently deliver unique, innovative solutions to meet or exceed those expectations. By consistently satisfying our customers, we will create a distinctive and valuable brand franchise that will continue to reward all of our stakeholders in the years ahead. The benefits will be seen in the form of faster growth due to repeat and cross-brand purchases, proactive recommendations among consumers and higher margins due to the willingness of customers to pay for the value they receive.

The success of our strategy depends on knowing the rational and emotional drivers that build customer loyalty for a brand. Our organization has made the comprehensive understanding of customer loyalty one of our core competencies. We have translated our extensive customer-focused market research into training programs and practical applications so employees and trade partners can better understand both the customer and their role in building loyalty. In 2004, more than 10,000 Whirlpool people completed customer loyalty training sessions and participated in unique customer-focused exercises, such as buying experiences and serving as brand ambassadors for friends and families.

Delivering a continuous stream of innovation to consumers is central to our strategy because it ensures that we are providing a brand experience unmatched within the appliance industry. To accomplish this, our people at every level are harnessing creative thinking and turning it into market realities. Innovation is ingrained in the Whirlpool culture, with over 5,000 employees trained and actively involved in innovation initiatives. Our people have contributed thousands of ideas, with hundreds of commercial concepts currently in our innovation pipeline at various stages of evaluation and development. This rich set of ideas and projects has the potential to generate approximately \$2 billion of additional revenue growth in the years ahead.

Building strong relationships with trade partners is crucial to building lifelong loyal customers for our brands. To make sure our customers have a positive experience with those who sell our products, we "partner" with retailers and builders who share our commitment to exceeding expectations for customer service and quality.

A Differentiated Value Creation Strategy



Our business model is based on developing efficient and effective business-to-business systems and an integrated supply chain that ensures products are available when and where our customers want them. The strategic alignment is built around innovation, training, customer service and total customer experience—the areas where customer loyalty begins. This shared customer perspective creates opportunities as well as value for Whirlpool, our trade partners and our customers.

Improving global operating efficiency is a fundamental requirement to meeting the expectations of our customers and shareholders. Our teams employ rigorous processes and measurement tools to ensure the efficiency of our global operating platform and leverage the assets of our operations worldwide. By managing each of our facilities from a global perspective, our asset-utilization rates, productivity and quality assurance systems are driving toward best-in-class levels within the global major home appliance industry.

To achieve this, we set aggressive goals and use a disciplined approach to evaluate progress. Since 1997, we have successfully applied Six Sigma and Lean Manufacturing processes across our global operating platform, and certified over 1,500 black belts and master black belts. Consequently, we are generating millions of dollars in annual cost savings.

Today, 34 percent of our manufacturing production is located in low-cost locations, and Whirlpool exports between regions now represent 15 percent of sales, which further improves our asset efficiency. Additionally, we are

- Best consumer position
- Best trade position
- Best cost position

leveraging our technology, design, procurement, innovation and supply chain globally, making us faster and more efficient.

Outlook

For 2005, we expect moderate growth in global consumer demand and continued increases in raw material costs such as steel, metals, resins and other oil-related products.

Within this environment, we are focused on driving revenue growth, earnings and cash flow improvements by continuing to successfully execute our strategies. In particular, we have taken actions to:

- Implement global price increases of approximately 5-to-10 percent in most key markets around the world.
- Drive record levels of productivity, leverage our global operating platform, and reduce non-product investment-related spending.
- Accelerate the rate of innovation to the market and introduce a large number of new products from our innovation pipeline throughout the year.

We are confident that these plans will result in business growth and solid financial performance during the year.

Corporate Responsibility

Customers worldwide continue to rank corporate social responsibility as an important driver of their brand loyalty. We couldn't be more delighted, as Whirlpool has a strong history of various social philanthropic programs. This core value, central to our company's culture, has remained constant during years of growth and change.

Most noteworthy is Whirlpool Corporation's five-year, \$25 million commitment to Habitat for Humanity International. This partnership has provided more than 50,000 appliances to Habitat homes built in North America, and has recently expanded into Europe. Broad employee participation in the program includes the personal commitment of more than 3,500 Whirlpool people involved in building Habitat homes. The Whirlpool Foundation has contributed more than

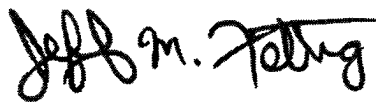
\$1.2 million in matching funds for employee contributions and direct grants to Habitat. The ideals of this program reflect Whirlpool's belief that communities and individuals must work together to strengthen families in ways that are measurable and sustainable.

Leadership Transition

June 30, 2004, marked an important milestone for Whirlpool Corporation. Dave Whitwam, Chairman and CEO since 1987, retired after 38 years of dedicated service to our company. During Dave's tenure as CEO, Whirlpool changed from a \$4 billion U.S. appliance company to a \$13 billion leader in the global appliance industry. His vision to transform Whirlpool into a global, consumer branded business has left a lasting mark on our company. Dave's leadership, inspiration and dedication to our company are greatly appreciated by all of us who have worked with him.

Today, Whirlpool is well prepared to lead and shape the global business that we operate. We are the global leader in this industry. We've built a competitive global operating platform. We have the leading appliance brands around the world, and we are developing the skills and capabilities required to succeed at the next level.

I am personally honored to have become Chairman, President and CEO of Whirlpool Corporation. Our leadership team, our 68,000 employees and I are committed to the future success of our company. Our focus is to create value for our shareholders, customers and employees. We look forward to delivering on this commitment in 2005.



Jeff M. Fettig
Chairman, President
and Chief Executive Officer

Creating unmatched customer loyalty for our brands
requires a flow of unique innovative solutions.